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The Financialization of Purpose-Built Rental Housing in Canada

SUBMISSION TO THE NATIONAL HOUSING COUNCIL

Submitted by Women's Shelters Canada

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**National Housing Council
Canada
Review Panel on the Financialization of Purpose-Built Rental Housing**

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Introduction

Women's Shelters Canada is proud to respond to the call for submissions from the Nation Housing Council on the financialization of purpose-built rental housing. This is an important topic that will not only help resolve our country's housing crisis, but will also advance the right to affordable and adequate housing that meets the needs of women and children fleeing violence.

Background

Women's Shelters Canada (WSC) provides a strong, unified, pan-Canadian voice on the issue of violence against women. WSC brings together 16 provincial and territorial shelter organizations and supports over 600 shelters across the country for women and children fleeing violence. WSC increases awareness to ensure that policies, legislation, and regulations are informed by the experiences and insights of our members. WSC connects knowledgeable and dedicated individuals from coast to coast to coast, so that new ideas are born, best practices are promoted and transferred, and those who work in our challenging field feel more connected and supported. All of this helps to ensure that the women and children who turn to shelters and transition houses receive the most effective and compassionate support possible.

The financialization of purpose-built rental housing has a direct, negative impact on women and children fleeing violence. At WSC, we have heard from our member shelters and transitional houses that this housing crisis is adversely affecting the women and children that they serve at an increasing rate. With few affordable housing options and an increased need for safety and support, women and children have nowhere to go after a short-term stay at an emergency shelter. This fact forces women and children to return to an abusive situation to avoid the risk of homelessness. With the loss of affordable rental units by financialized landlords, Canada's housing crisis disproportionately affects women and children fleeing violence and infringes upon the right to adequate housing under international human rights law.ⁱ

WSC implores the National Housing Council to consider the arguments and evidence presented in this submission and to take appropriate action to protect and promote the right to adequate housing in relation to the financialization of purpose-built rental housing in Canada, especially for women and children fleeing violence.

Issue

The financialization of purpose-built rental housing refers to the acquisition of rental housing by financial institutions and large-scale investors with the specific purpose of treating it as a commodity, financial asset, and tool for financial profit. Unfortunately, this comes at the expense of the human rights of tenants and tenancy-seeking individuals, which are most often young people, students, new immigrants, Black, Indigenous, and racialized folks, seniors, women-led single-parent households, people with low-income, and women and children fleeing domestic and intimate partner violence.

Investors, such as pension funds, private equity firms, asset management funds, publicly traded companies, and Real Estate Investment Trusts (REITs), generally purchase existing affordable buildings because it costs less and generates a higher return than building new housing. These financialized landlords are known to renovict tenants, hike up rents via vacancy decontrol, and slack on maintenance and repairs, displacing the most vulnerable groups that rely on rental housing. These actions, which yield high profits for the landlord, end up compromising the integrity and dignity of rental housing accommodation for tenants. This results in a loss of existing affordable housing.

Loss of Affordable Housing Stock

Canada has one of the largest private rental housing sectors and one of the smallest social non-market housing sectors among OECD countries.ⁱⁱ Even with little social and non-market housing, Canada has lost over 550,000 affordable homes over 10 years, which represents 6% of all unsubsidized rental housing.ⁱⁱⁱ This forces many low-income households to pay more than 30% of their income on housing, demonstrating core housing need across the country, apart from Quebec.^{iv} Not only does the financialization of housing undermine the human right to adequate and dignified housing, but it also leads to a loss of affordable housing stock, further entrenching Canada into the current housing crisis.

Shelters and Transitional Housing Are Being Impacted

Domestic violence shelters and transitional housing are essential, life-saving infrastructure for women and children escaping abuse and looking to rebuild their lives. However, shelters and transitional houses across Canada are operating over capacity and turn-away rates are higher than ever before. Nearly 1,000 women and their children are turned away from domestic violence shelters every night due to lack of space.^v This is a vast increase from 594 women and their children turned away in 2014.^{vi} A woman or girl is killed every 2 days in Canada.^{vii} There is a clear need across the country for safe spaces for women and children fleeing violence. While it is not the responsibility of domestic violence shelters to house survivors long-term, it often falls on them.

Long-term solutions for women and children fleeing violence look like safe, adequate, and affordable housing. However, families looking for a safe place to live after violence are waiting for months, and sometimes years, to get a housing unit through their municipality. Long waitlists for subsidized housing and few affordable market-rent units have forced women and children to stay longer in shelters and transition houses. This creates a bottleneck, as shelters are extending stays to avoid forcing a woman to choose between returning to an abusive situation or risking poverty or homelessness. What's more, 25% of women-led, single-parent households are in core housing need.^{viii} This means that women and children

are forced into a precarious housing situation because of financial investors looking to gross a higher profit margin. The financialization of purpose-built rental housing continues to diminish affordable housing at an alarming rate, thus overburdening our social support systems, affecting access to shelter services for those who are in the most desperate need, and driving women and children into poverty.

Housing is a Human Right

For all people in Canada, affordable and dignified housing is a human right.^{ix} For women and children fleeing violence, affordable and dignified housing is not only a human right, but a life-saving measure. It is the difference between a woman being forced into homelessness to escape violence or returning to her abuser for a roof over her head. To address this crisis and ensure that *all* people have access to safe, adequate, and affordable housing, the Government of Canada must make the purchasing of existing affordable housing stock less attractive to financial investors through the removal of vacancy decontrol, the restriction of rent increases from investors that have CMHC mortgage insurance, the incentivization for investors to create new supply rather than purchase existing assets, and the encouragement of non-profits and charities to acquire and preserve existing affordable housing.

Recommendations

While financial investors are a part of the solution to the housing crisis in Canada, existing affordable housing stock must be preserved, and additional funding is required to develop new affordable housing. [National Housing Strategy \(NHS\)](#) programs like the [Women and Children Shelter and Transitional Housing Initiative \(WCSTHI\)](#) and the [Rapid Housing Initiative \(RHI\)](#) are essential and lifesaving for women and children escaping violence and in need of affordable, safe, and adequate housing. WSC calls for the renewal of these programs to support survivors of violence and reduce pressure on our shelter systems and national housing emergency.

However, the loss of affordable housing stock cannot be replenished only through the creation of more affordable housing units. It is critical that the federal government take swift action to limit the ongoing loss of affordable housing if Canada hopes to meet its NHS targets by 2030. The following are WSC's recommendations.

1. Provinces and territories remove vacancy decontrol for renters to moderate increases in rent by private-sector landlords. This will provide much-needed financial relief for vulnerable renters, like women and children fleeing violence.
2. CMHC develop and implement conditions that restrict rent increases for investors who utilize CMHC mortgage insurance to purchase existing affordable properties. This will reduce the loss of existing affordable housing due to rent increases from investors.
3. Incentivize financial investors to create new rental supply rather than purchasing existing assets. This will help preserve existing affordable housing stock and increase overall housing stock.
4. Amend the National Housing Strategy to include an acquisition funding program for non-profits and registered charities. This will allow organizations that own and operate low-income housing to purchase existing stock, which will preserve low rents and protect assets from inflation. Additionally, it can cost less to purchase an existing building than to build new.

Conclusion

Women's Shelters Canada respectfully requests the National Housing Council to consider the arguments and evidence presented in this submission. WSC hopes that appropriate action will be taken to promote and protect the right to safe, affordable, and adequate housing for all, especially for women and children fleeing violence, in connection to the financialization of purpose-built rental housing in Canada.

Thank you for this opportunity.



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ⁱ <https://www.ohchr.org/sites/default/files/cescr.pdf>

ⁱⁱ <https://www.ourcommons.ca/Content/Committee/441/HUMA/Brief/BR12459654/br-external/PomeroySteve-e.pdf>;
<https://chra-achru.ca/wp-content/uploads/2023/08/CHRA-Submission-to-the-Standing-Committee-on-Finance-for-Pre-Budget-Consultations-in-Advance-of-the-2024-Budget.pdf>

ⁱⁱⁱ <https://www.ourcommons.ca/Content/Committee/441/HUMA/Brief/BR12459654/br-external/PomeroySteve-e.pdf>

^{iv} <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres>

^v <https://www150.statcan.gc.ca/n1/pub/85-002-x/2019001/article/00007-eng.htm>

^{vi} <https://www150.statcan.gc.ca/n1/pub/85-002-x/2014001/article/11906-eng.htm>

^{vii} <https://femicideincanada.ca/callitfemicide2018-2022.pdf>

^{viii} <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/core-housing-need/identifying-core-housing-need>

^{ix} <https://laws-lois.justice.gc.ca/eng/acts/N-11.2/FullText.html>